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Press Release

Four Coal Fired Power Units Achieve Lowest NOx Emissions in Nation for Second Year Running

KFx's Pegasus NeuSIGHT(TM) Combustion Optimization Remains a Critical System at Plant

Contact: Gary Nicholson: 440-357-7794

MENTOR, Ohio, May 30 -- Pegasus Technologies, Inc., a KFx company (Amex: [KFX](#) - [news](#)), announced today that according to a preliminary report by the EPA, AmerenUE Labadie units have achieved the lowest NOx emissions in the nation for the second year in a row. AmerenUE plant management stated that the Pegasus NeuSIGHT™ Optimization Suite remains a critical part of the AmerenUE operational strategy for improving efficiency and reducing emissions.

According to preliminary EPA reports for CY2000, all four (4) AmerenUE Labadie units emitted the lowest levels of Nitrogen Oxides (NOx) in the United States, for commercial coal-fired plants without SCR technology. The EPA has determined that NOx is one of the leading contributors to harmful Ozone levels. The AmerenUE units originally achieved the lowest EPA NOx numbers in the U.S. in 1999. EPA NOx numbers reported for CY 2000 (reported in lbs/mmBtu) show that Labadie's coal burning units are again the cleanest in the nation, and have actually reduced the plant's average NOx level an additional 16% over the CY 1999 reported numbers. The CY 2000 Labadie plant NOx average is 0.1175 lbs/mm Btu's.

Tim Earney, Superintendent of Operations at Labadie said: "We are proud to continue producing reliable power for our customers while being sensitive of air quality issues. Through the commitment of AmerenUE management, the diligence of our operators and engineers, and by leveraging technology such as the Pegasus NeuSIGHT system, AmerenUE is able to utilize an abundant fuel such as coal, while still reducing air emissions below regulatory requirements."

Gary Nicholson CEO Pegasus Technologies said: " Once again Pegasus Technologies has proven to give the best results in this arena -- Ameren updated all four Labadie units earlier this year to our latest version of software (NeuSIGHT OS 2001). However, it is not just about technology, it's the results that matter and we are delivering what our clients are expecting -- exceptional, non-intrusive, cost effective, unit optimization."

Each of the four Labadie's CE T-fired units burn western (PRB) coal and have been fitted with a number of low NOx technologies including Low NOx burners, over-fire air, and Pegasus' NeuSIGHT™ Optimization Suite 2001. NeuSIGHT™ runs on each of the four Labadie units continuously controlling numerous boiler fuel and air variables, which help operators to maintain optimum combustion and low NOx emissions. Labadie did not invest in expensive SCR or SNCR technology, and does not use ammonia, urea, or gas re-burn to reduce NOx.

About Ameren

With assets of \$10 billion, Ameren serves 1.5 million electric customers and 300,000 natural gas customers in a 44,500-square-mile area of Missouri and Illinois. Among the nation's lowest emitters of nitrogen oxide, Ameren has reduced nitrogen oxide emissions by more than 65 percent since 1990. Ameren plants have also reduced sulfur dioxide emissions by more than 60 percent since the 1970s. Finally, the company has also identified 15 programs expected to reduce greenhouse gases by three million tons and is involved in a venture capital investment fund that encourages the commercialization of energy efficient electric and renewable technologies. Ameren media contact:

Susan Gallagher (314) 554-2175.

About Pegasus / KFx

Pegasus Technologies, Inc. is the industry leader in neural network based IT applications for the power generation market. The NeuSIGHT suite of combustion optimization applications from Pegasus reduce emissions and increase efficiency of fossil fueled electric generating units. The Pegasus Technologies web site address is www.pegasustec.com. Pegasus Technologies is majority-owned by KFx Inc. KFx provides total fuel solutions for the power industry. Its patented K-Fuel® process converts low heating value coal into clean, high-energy fuel. KFx's web site address is www.kfx.com.

The discussion above contains, in addition to historical information, forward-looking statements that include various risks and uncertainties. Such forward-looking statements include statements regarding the Company's expectations. The Company's actual results may differ materially from those anticipated in such statements. Factors that might cause such a difference include matters discussed in "Business Risk Factors" at Item 1 and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" at Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2000 and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" at Part I, Item 2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001.